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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**
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11 JENS ERIK SORENSON,
12
13 v. Plaintiff,
14 DORMAN PRODUCTS, INC., et al.,
15 Defendants.

CASE NO. 09cv1579 BTM(CAB)

**ORDER DENYING DEFENDANT'S
MOTION TO DISMISS FOR
FAILURE TO STATE A CLAIM, AND
GRANTING IN PART AND DENYING
IN PART DEFENDANT'S MOTION
TO DISMISS, TRANSFER OR STAY**

16 Before the Court are two motions filed by Defendant Dorman Products, Inc.: a Motion
17 to Dismiss for Failure to State a Claim (Doc. 8) and a Motion to Dismiss, Transfer or Stay
18 (Doc. 9). For the reasons explained below, Defendant's Motion to Dismiss is **DENIED** and
19 the Motion to Dismiss, Transfer or Stay is **GRANTED in part** and **DENIED in part**.
20

21 **I. BACKGROUND**

22 Plaintiff is the trustee of Sorensen Research and Development Trust. On June 9,
23 2009, Sorensen's then counsel sent Defendant Dorman Products, Inc. a demand letter with
24 a notice of patent infringement. The patent at issue was United States Patent Number
25 4,935,184, which is owned by the Trust.

26 After further correspondence between Plaintiff and Dorman, on June 26, 2009 Dorman
27 filed suit for declaratory judgment in the Eastern District of Pennsylvania to determine the
28 rights of the parties with respect to the '184 Patent. Pending before the Pennsylvania court

1 are two motions: Sorensen's motion to dismiss for lack of personal jurisdiction, and Dorman's
2 motion to enjoin Sorensen from proceeding with this case.

3 Almost a month after the Pennsylvania action was filed, Plaintiff filed this suit on July
4 21, 2009, alleging infringement of the '184 Patent and seeking unspecified damages. On
5 August 20, 2009, Dorman filed its Motion to Dismiss for Failure to State a Claim. On the
6 same day, Dorman filed its Motion to Dismiss, Transfer, or Stay, which invokes the first-to-file
7 rule and seeks one of three alternative forms of relief: (1) dismissal of the present suit, (2)
8 transfer of this suit to the Pennsylvania district court; or (3) stay of this action.

10 II. DISCUSSION

11 1. Motion to Dismiss for Failure to State a Claim

12 Under Federal Rule of Civil Procedure 8(a)(2), the plaintiff is required only to set forth
13 a "short and plain statement of the claim showing that the pleader is entitled to relief," and
14 "give the defendant fair notice of what the . . . claim is and the grounds upon which it rests."
15 Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555 (2007). When reviewing a motion to
16 dismiss, the allegations of material fact in plaintiff's complaint are taken as true and
17 construed in the light most favorable to the plaintiff. See Parks Sch. of Bus., Inc. v.
18 Symington, 51 F.3d 1480, 1484 (9th Cir. 1995). But only factual allegations must be
19 accepted as true—not legal conclusions. Ashcroft v. Iqbal, 129 S.Ct. 1937, 1949 (2009).
20 "Threadbare recitals of the elements of a cause of action, supported by mere conclusory
21 statements, do not suffice." Id. Although detailed factual allegations are not required, the
22 factual allegations "must be enough to raise a right to relief above the speculative level."
23 Twombly, 550 U.S. at 555. Furthermore, "only a complaint that states a plausible claim for
24 relief survives a motion to dismiss." Iqbal, 129 S.Ct. at 1949.

25 Dorman's first argument supporting its motion to dismiss is that the allegations in the
26 Complaint are too vague and conclusory, and the Complaint must be dismissed under the
27 heightened standard set forth in Twombly and Iqbal. The Court disagrees, and holds that
28 the allegations in the Complaint, though minimal, are enough to state a claim for relief.

1 The Federal Circuit, in a post-Twombly decision, stated that the following allegations
 2 were sufficient to state a cause of action for patent infringement: “(1) an allegation of
 3 jurisdiction; (2) a statement that the plaintiff owns the patent; (3) a statement that defendant
 4 has been infringing the patent by making, selling, and using [the device] embodying the
 5 patent; (4) a statement that the plaintiff has given the defendant notice of its infringement;
 6 and (5) a demand for an injunction and damages.” McZeal v. Sprint Nextel Corp., 501 F.3d
 7 1354, 1356–57 (Fed. Cir. 2007). Plaintiff has pled facts supporting each of these elements,
 8 and has identified two specific products—the “Ergo Stripper” and the “Crimper”—that
 9 allegedly infringe on Plaintiff’s ‘184 Patent. The alleged facts are plausible, sufficiently
 10 specific, and form an adequate basis for Plaintiff’s infringement claim. See Bender v.
 11 Broadcom Corp., No. 09cv1147 MHP, 2009 WL 3571286, at *4 (N.D. Cal. Oct. 30, 2009)
 12 (denying motion to dismiss under Twombly and Iqbal standard even where complaint listed
 13 virtually all defendant’s products because list could include infringing products).

14 Dorman’s second argument supporting dismissal is that because Plaintiff notified
 15 Dorman of the infringement only after the ‘184 Patent had already expired, Dorman cannot
 16 be held liable for any damages. Dorman relies on 35 U.S.C. § 271(g), which states

17 [w]hoever without authority imports into the United States or offers to sell, sells,
 18 or uses within the United States a product which is made by a process
 19 patented in the United States shall be liable as an infringer, if the importation,
 offer to sell, sale, or use of the product occurs during the term of such process
 patent

20 Dorman also relies on 36 U.S.C. § 287(b)(2), which provides that

21 [n]o remedies for infringement under section 271(g) of this title shall be
 22 available with respect to any product in the possession of, or in transit to, the
 person subject to liability under such section before that person had notice of
 infringement with respect to that product

23 Dorman argues that §§ 271(g) and 287(b)(2) apply squarely to this case and because it
 24 received a notice of infringement after Plaintiff’s patent had already expired, this suit must
 25 be dismissed.

26 Dorman’s argument is unavailing for two reasons. First, although §§ 271(g) and
 27 287(b)(2) do limit damages for the unauthorized importation, sale, or use of a product made
 28 by a patented process to only those damages arising during the term of the patent and after

1 the infringer has received notice, those provisions are inapplicable at this early stage in the
2 litigation. See Infosint, S.A. v. H. Lundbeck A/S, 612 F. Supp. 2d 402, 404 (S.D.N.Y. 2009).
3 On a motion to dismiss, the Court cannot consider Dorman's assertion that it received notice
4 only after the '184 Patent had expired, and it must accept as true the facts pled in the
5 Complaint. Parks Sch. of Bus., Inc. v. Symington, 51 F.3d at 1484. And although Plaintiff's
6 Complaint does not allege the date Dorman received notice, alleging notice is not required
7 for claims based on process patents, like the patent at issue here. Am. Med. Syss., Inc. v.
8 Med. Eng'g Corp., 6 F.3d 1523, 1538 (Fed. Cir. 1993). Thus, Dorman's argument is
9 premature and is better suited for a motion for summary judgment.

10 The second reason Dorman's argument is unavailing is that §§ 271(g) and 287(b)(2)
11 do not apply to all of Plaintiff's claims. Those sections only apply to unauthorized
12 importation, sale, offer for sale, or use of a product made by a patented process. See 36
13 U.S.C. §§ 271(g), 287(b)(2). But they do not apply to the *manufacture* of a product using a
14 patented process. See id. Here, Plaintiff has alleged that Dorman *made* products using
15 Plaintiff's patented process. (Compl. ¶ 10.) The Court must accept these allegations as true,
16 despite Dorman's assertion that it merely imports the accused products and does not
17 manufacture them. Plaintiff's allegation that Dorman made products using its patented
18 process is not covered by the damages-limitation provision in § 287(b)(2). See 36 U.S.C.
19 § 287(b)(2). Thus, even if the Court assumed Dorman received notice of infringement only
20 after the '184 Patent expired, Plaintiff's claim that Dorman impermissibly *manufactured*
21 products using Plaintiff's patented process would still survive.

22 For the foregoing reasons, Dorman's Motion to Dismiss for Failure to State a Claim
23 is **DENIED**.

24 25 2. Motion to Dismiss, Transfer, or Stay

26 Dorman's Motion to Dismiss, Transfer, or Stay invokes the first-to-file rule and seeks
27 one of three alternative forms of relief: (1) dismissal of the present suit, (2) transfer of this suit
28 to the Pennsylvania district court; or (3) stay of this action. Plaintiff opposes the motion,

1 arguing that the first-to-file rule is inapplicable, and even if it did apply, this suit falls within
2 an exception.

3 “There is a generally recognized doctrine of federal comity which permits a district
4 court to decline jurisdiction over an action when a complaint involving the same parties and
5 issues has already been filed in another district.” Pacesetter Systems, Inc. v. Medtronic, Inc.,
6 678 F.2d 93, 94–95 (9th Cir. 1982). This doctrine is called the first-to-file rule, and it states
7 that the court that first acquired jurisdiction generally should try the lawsuit. Id. at 95. The
8 first-to-file rule, however, is not a rigid one. Id. Rather, the rule is meant to serve the
9 purpose of promoting judicial efficiency. Id.

10 Here, the Pennsylvania action was filed first, and the issues and parties in both
11 actions are the same. Nevertheless, the interests of judicial efficiency weigh heavily against
12 outright dismissal or transfer. This Court has approximately thirty cases before it arising out
13 of the ‘184 Patent—the same patent at issue here. The large number of related cases before
14 this Court will allow it to conserve judicial resources and more efficiently resolve this dispute.
15 Moreover, allowing the case to remain here avoids the possibility of inconsistent claim
16 constructions and validity determinations. Thus, consideration of “[w]ise judicial
17 administration, . . . conservation of judicial resources, and comprehensive disposition of
18 litigation,” Pacesetter, 678 F.2d at 95 (quoting Kerotest Mfg Co. v. C-O-Two Fire Equipment
19 Co., 342 U.S.180, 183 (1952)), direct that this case should remain in this district.

20 The Court finds that under the circumstances in this case, justice and expedience
21 require an exception to the first-to-file rule. See Genentech Inc. v. Eli Lilly & Co., 998 F.2d
22 931, 937 (Fed. Cir. 1993) (“The general rule favors the forum of the first-filed action
23 Exceptions, however, are not rare, and are made when justice or expediency requires
24 .”), overruled on other grounds by Wilton v. Seven Falls Co., 515 U.S. 277 (1995).
25 Accordingly, Defendant’s motion to dismiss and motion to transfer are **DENIED**.

26 The Court, however, does find cause to grant Defendant’s motion to stay. This Court
27 has stayed all matters involving the ‘184 Patent pending its reexamination by the United
28 States Patent and Trademark Office. The outcome of that reexamination could have a

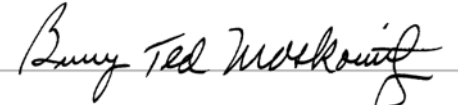
1 significant impact on the outcome of these cases. More specifically, if the PTO ultimately
2 invalidates the '184 Patent, any resources expended in this case would be wasted. The
3 Court concludes that a reasonable stay is appropriate in this case because the litigation is
4 in its early stages, Defendant has not established undue prejudice, and the reexamination
5 will simplify issues for the Court and save expense for the parties. See, e.g., Xerox Corp.
6 v. 3Com Corp., 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999).

8 III. CONCLUSION

9 For the foregoing reasons, the Court **DENIES** Defendant's Motion to Dismiss (Doc.
10 8). The Court **GRANTS in part** and **DENIES in part** Defendant's Motion to dismiss, transfer,
11 or stay this case (Doc. 9). The Court **STAYS** this case until the United States Patent and
12 Trademark Office concludes its reexamination of the '184 Patent. If it appears that the
13 reexamination will not be completed within a reasonable time, Plaintiff or Defendant may
14 move to vacate the stay. Any party may apply to the Court for an exception to the stay to
15 avoid any specific prejudice.

16 **IT IS SO ORDERED.**

17 DATED: November 24, 2009

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20 Honorable Barry Ted Moskowitz
United States District Judge